

HCTC Health Coverage Tax Credit

The Health Coverage Tax Credit (HCTC) began as a groundbreaking tax credit program in 2002 and was expanded by the American Recovery and Reinvestment Act (ARRA) in 2009. Described by some participants as “a lifesaver,” the HCTC is a federally funded tax credit that pays 80% of a qualified individual's health insurance premium.

Nationwide, thousands of trade-affected workers and Pension Benefit Guaranty Corporation (PBGC) recipients are eligible for the program. Trade-affected individuals are certified by the U.S. Department of Labor and have registered at their local unemployment office to receive benefits under the Trade Adjustment Assistance (TAA) for Workers Program. PBGC recipients currently draw a benefit from the PBGC and are between the ages of 55 and 65.

How to Receive the HCTC

Individuals who are eligible for the program receive HCTC registration materials in the mail. As part of the registration process, an individual must enroll—or already be enrolled—in a [qualified health insurance](#) plan. The most common types of qualified health insurance for the HCTC are COBRA (health insurance provided by a former employer), coverage through a [state-qualified health plan](#), or coverage offered through a spouse's employer.

Eligible individuals can receive the tax credit on a monthly or yearly basis. Those who enroll in the monthly program pay 20% of their health plan premium each month and the HCTC Program pays the remaining 80%, making monthly health insurance costs more affordable. With the yearly HCTC, individuals pay the full amount of their premiums each month and then receive the 80% credit as a refund or against taxes they owe after filing their yearly Federal tax returns.

Changes that Help

The ARRA, or *Stimulus Bill*, changed the HCTC to make health coverage more affordable and available to an even greater population. Enhancements include:

- A credit increase from 65% to 80% of qualified health insurance premiums
- Extended COBRA coverage
- Eased training requirements that allow more participants to continue receiving the HCTC
- Reimbursement for premiums paid while enrolling
- Extended coverage for qualified family members

Partnering to Help

The HCTC Program is delivered through a collaborative partnership among state and local governments, Federal agencies, and private industry. The shared objective among these parties is to make health insurance more affordable to individuals in need of relief.

Want More Information?

To learn more about who is eligible for the HCTC program and the requirements to register for the HCTC, go to www.irs.gov (keyword: HCTC).